UNDP

UNITED NATIONS

DEVELOPMENT

PROGRAMME

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APPROVAL OF UNDP ASSISTANCE TO A PROJECT OF THE
DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA

IPF:(1987-91) $19 700 000

(DRK/91/506) - Management Development Programme

Date of approval by the AC:[1/]	24 July 1991
Expected duration:	Two years and six months
Proposed executing agency:	Government
Government implementing agency:	General Bureau for Co-operation with International Organizations (GBCIO)
Proposed UNDP contribution:	$2 201 000
	Source of funds: IPF $1 101 000
	Source of funds: SPR/MDP $1 100 000
Total UNDP budget:	$2 201 000

Project background

The above-mentioned programme falls under the theme of "Strengthening Economic Co-operation" of the Second Country Programme for the Democratic People's Republic of Korea through improved efficiency and quality of industrial production and increased export earnings. The Government's strategy is to strengthen its economy through enhanced policies aimed at improving the productivity and efficiency of its major industries and expanding its international economic co-operation through investment promotion and export development. Serious constraints, however, affect the implementation of this strategy. The major industries particularly, the engineering, machinery building and textile industries suffer from lack of infusion of modern management technology. Key management concerns such as optimal utilisation of installed capacities, investments, manpower, raw material consumption power/energy utilisation storage and distribution of goods, are not being adequately addressed due to lack of availability and know-how of modern management methods. As a result, considerable losses are incurred in raw materials usage, energy consumption and utilisation of labour.

Needs assessment studies undertaken with the assistance of CTC, UNIDO and other Agencies, estimate that a minimum of 20 per cent reduction in production costs could be achieved through introduction of and training in modern management techniques, enabling optimal use of installed production capacity, labour and materials. International trade diversification of external economic relations through state trade with foreign countries

[1/] **This Fact Sheet reflects the status of the project/revision at the time it was approved by the Action Committee; modifications to the project/revision may have occurred subsequently.**

as well as foreign trade by local authorities has been affected both by recent changes in the global economic environment as well as by events in Eastern Europe. Because of its past inward looking trade policies, the Government is not as well equipped as other developing countries to meet these challenges. Constraints such as lack of skills in marketing, credit, transport and insurance inhibit change at the macro level; and problems of pricing policy, quality control and marketing affect changes at the enterprise level. Insufficient skills, information and management know-how to identify suitable projects, lack of information about investment opportunities, the absence of an overall promotional strategy, and weaknesses in the legislative framework further compound the problem. Strengthening of national capacity to provide state officials and managers with knowledge and skills to deal with the above constraints will increase the country's competitiveness in trade and investment, increase its foreign exchange earnings and contribute to overall improvement in the living conditions of the people. To establish management development in the public sector, the Government requested UNDP assistance under the present approval.

Description of project

The programme has three components whose objectives are to: (a) strengthen the institutional capacity of the University of National Economy to provide state officials with knowledge and skills in international trade, banking, insurance and, marketing; (b) facilitate and promote business contacts (in particular joint ventures) through improvement of the legal/regulatory framework, training in contract negotiations with potential investors, screening and appraisal of investment projects, financial analysis and in the development of selected products for exports; and (c) introduce modern management systems and establish five Management Analysis Groups as a pilot exercise in three strategic organizations dealing with management i.e. the Pyongyang Informatics Centre (PIC), the General Bureau for Co-operation with International Organizations (GBCIO), the University of National Economy (UNE) and three key industrial concerns (the Taean Heavy Machine Complex, the Pyongyang Textile Factory, and the Anju Coal Mine). The Government focal point for Components I and II will be the UNE and for Component III, the PIC.

Inputs

UNDP/MDP will provide (Component I) six man-months of a team leader, eight short-term consultancies in international trade, finance/banking, insurance, curriculum development, materials production; three short-term fellowships; one study tour; technical equipment; and miscellaneous costs; (Component II) 10.6 man/months of a team leader, 31 man/months of consultancies in economic/financial analysis, and law, sectoral and feasibility studies; two study tours; technical equipment; and miscellaneous costs; (Component III) eight man/months of a team leader, 12.5 man/months of short-term consultancies in modern management science, operative research and decision optimization, decision support system, transport and distribution, production scheduling and control; five external fellowships; two study tours; computer aided management equipment; and miscellaneous costs.

Financial data

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Personnel	847 000
Training	765 000
Equipment	561 000
Miscellaneous	28 000
Total	2 201 000

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